geared up >>

Crispin

Energy Inc.

Corporate Profile

Crispin Energy Inc. ("Crispin") is a emerging oil and gas exploration and development company listed on the TSX Venture Exchange (trading under the symbol "CEY").

The Company's goal is to increase shareholder value with a balanced combination of development and exploration drilling, supported by complimentary acquisitions.

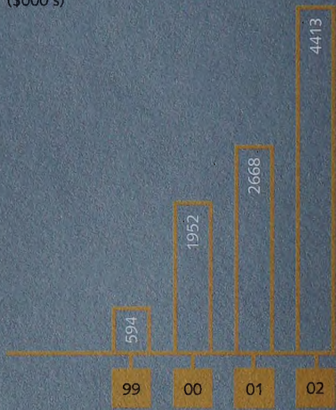
ANNUAL GENERAL MEETING

Shareholders are cordially invited to attend the Corporation's Annual General Meeting, which will be held at the Metropolitan Centre – (Royal Room), located at 333 – 4th Avenue S.W., Calgary, Alberta at 3:00 p.m., Monday, May 12, 2003. Shareholders are encouraged to complete and return the enclosed proxy form to Valiant Corporate Trust Company's Calgary office if you are unable to attend the Annual General Meeting.

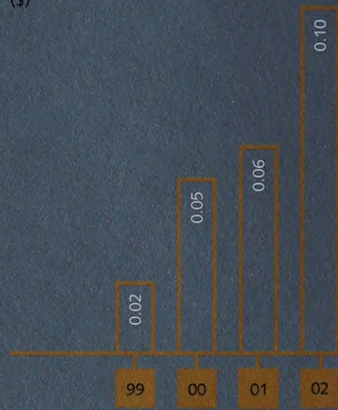
Sound platform.
Expanded capabilities.

Crispin is geared up.

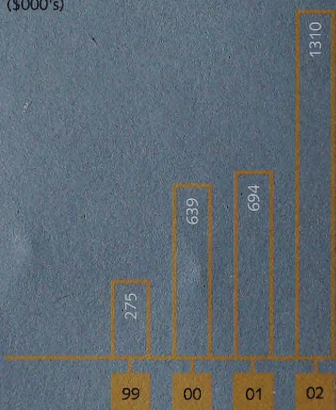
Cash flow
($000's)



Cash flow per share
($)

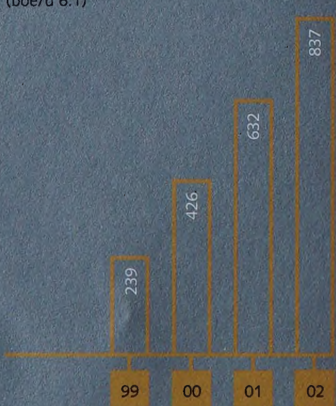


Net earnings
($000's)

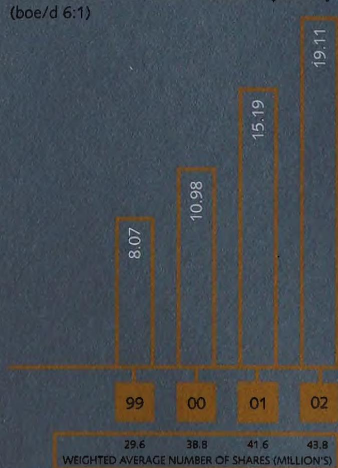


Net earnings per share (basic)
($)

Production
(boe/d 6:1)



Production /million shares (basic)
(boe/d 6:1)



Highlights

- Production volumes increased by 33%
- Cash flow increased by 65%
- Net earnings increased 89%
- Debt to cash flow ratio decreased from 2.3 to 0.9

($thousands, except per share amounts)	2002	2001	2000	1999
FINANCIAL				
Production revenue	9,891	6,053	4,075	1,925
Cash flow from operations	4,413	2,668	1,951	593
Net Income	1,310	694	639	275
Capital expenditures	2,874	7,608	3,248	2,250
Net debt	3,997	6,228	1,451	883
Shareholders equity	8,667	6,875	6,018	4,067
Cash flow from operations/share *(basic)*	0.10	0.06	0.05	0.02
Net earnings/share *(basic)*	0.03	0.02	0.02	0.01
OPERATIONS				
Natural gas *(mcf/d)*	639	496	270	156
Light oil and NGLs *(bbls/d)*	510	323	154	78
Heavy oil *(bbls/d)*	210	226	227	135
Average daily boe's @ 6:1	837	632	426	239

How will Crispin drive towards growth?

President's Message

Crispin has the basic machinery in place: cost control, operational efficiency and a conservative balance sheet continue to characterize a realistic approach that has resulted in profitable growth, year over year. Being measured and focused has also resulted in production growth four years in a row; while consistently adding proved producing reserves within a stable, low decline reserve base.

To add to this basic machinery, Crispin geared up in 2002. The Company blended new personnel with the existing team in order to drive towards future goals, and travel the road to growth even faster than before. Along the way, Crispin will emphasize a balanced blend of exploitation/acquisition oriented projects concentrating on control and quality versus quantity. The Company will maintain profitable growth by targeting a cost structure that is earnings neutral at $16.00 WTI and a 2:1 recycle ratio at $22.50 WTI. Debt to cash flow will be carefully managed so as not to exceed a target of 2:1 during price cycle 'lows' and 1:1 during price cycle 'highs.' Crispin will not stretch the balance sheet just for the sake of growth. When the opportunity and valuations warrant, Crispin will extend itself financially, but only if commodity-pricing risk is limited or can be mitigated.

HIGHLIGHTS

Crispin's production for 2002 was 837 boe/d, an increase of 33% over 2001. The exit rate was 870 boe/d, up 20% from the 2001 exit rate of 725 boe/d. At year-end 2002, Crispin's production base consisted of approximately 75% light oil and natural gas and 25% heavy crude. The Company's production base will continue to remain 'light,' with a target light/heavy split that does not exceed 70/30.

Reserve additions of 322.6 mboe yielded a proven producing finding and development cost of $8.91/boe. A corporate netback of $18.33 per boe yielded a one-year recycle ratio of 2.05, and contributed to Crispin's three year recycle ration of 1.77. Due to these efforts, and firming in the oil markets, Crispin generated $4.41MM ($0.10/share basic) in cash flow in 2002, an increase of 65% from 2001. At the same time, Crispin reduced debt from $6.2MM at December 31, 2001 to just under $4.0MM as of December 31, 2002 enabling the Company to be positioned for growth.

Crispin reduced capital spending in Q3 and Q4 to minimum levels, strengthening the balance sheet for 2003. It is particularly noteworthy that reduced capital spending occurred in tandem with strong production growth in 2002. This growth was accomplished by focusing capital spending on increasing production in all current areas of operation through tie-ins, drilling, production optimization and system upgrading. Total capital spending in 2002 totaled $2.87MM.

These efforts have built a solid, low decline platform for Crispin to drive forward with; and a strong balance sheet gives the Company the flexibility to add growth opportunities both organically and through acquisitions – when the time is right.

Expanded capabilities, combined with patience and discipline will continue to yield strong growth for Crispin shareholders.

OPPORTUNITY

The current and developing business environment in the energy industry provides a strong opportunity for the creation of significant shareholder value, especially for emerging companies. We are entering the mid-to-late phase of the oil price cycle. Thus, the availability of assets in the property disposition/divestiture market is anticipated to rise significantly during 2003. These divestitures are driven by the portfolio and operational limitations of the major North American producers, who are directing capital to large growth projects including international and oil sands related work. The keys to value creation during this portion of the cycle are access to and assessment of opportunities. Experienced teams have the ability to consolidate attractive assets that have been under-capitalized and under-managed. More intensive exploitation and operational attention, using evolving seismic technologies and drilling advances, will yield solid returns from these types of properties and establish platforms for further expansion. The access to assets for emerging energy companies fits well with the equity/financing markets which view this sector as one of the few in Canada with strong growth potential in the next 12 – 24 months.

OUTLOOK

Crispin has strengthened its platform in 2002, and enters 2003 with a low decline, stable production base. The balance sheet is strong and gives Crispin the ability to grow through both drilling and acquisition.

During the first quarter of 2003, Crispin entered into a multi-well farm-in agreement with a major producer in the Three Hills area of Central Alberta that will see Crispin drill six wells during the second quarter of 2003. A series of production optimization projects also took place in the first quarter of 2003, the full effect of which will be realized during the second quarter of 2003. These efforts reflect Crispin's focus on future growth in Central Alberta.

With the additions to the team in 2002, we now have the ability to generate a broader and deeper prospect inventory, allowing us to be highly selective in our capital allocation. Sound prospect inventory development and cost effective acquisitions are essential to continuing growth and positioning for the future. Continued strong commodity prices will provide good leverage to Canadian oil & gas companies in 2003. Expanded capabilities, combined with patience and discipline, should continue to yield strong growth for Crispin shareholders.

On behalf of the Board of Directors and Crispin's shareholders, I would like to recognize the efforts of all of Crispin employees. In particular, I would like to thank those who worked so admirably during the lean years to build a strong platform. This platform, combined with proven staff, has allowed Crispin to "gear up" and accelerate Company growth.

MURRAY R. NUNNS
President & Chief Executive Officer

Operations Review

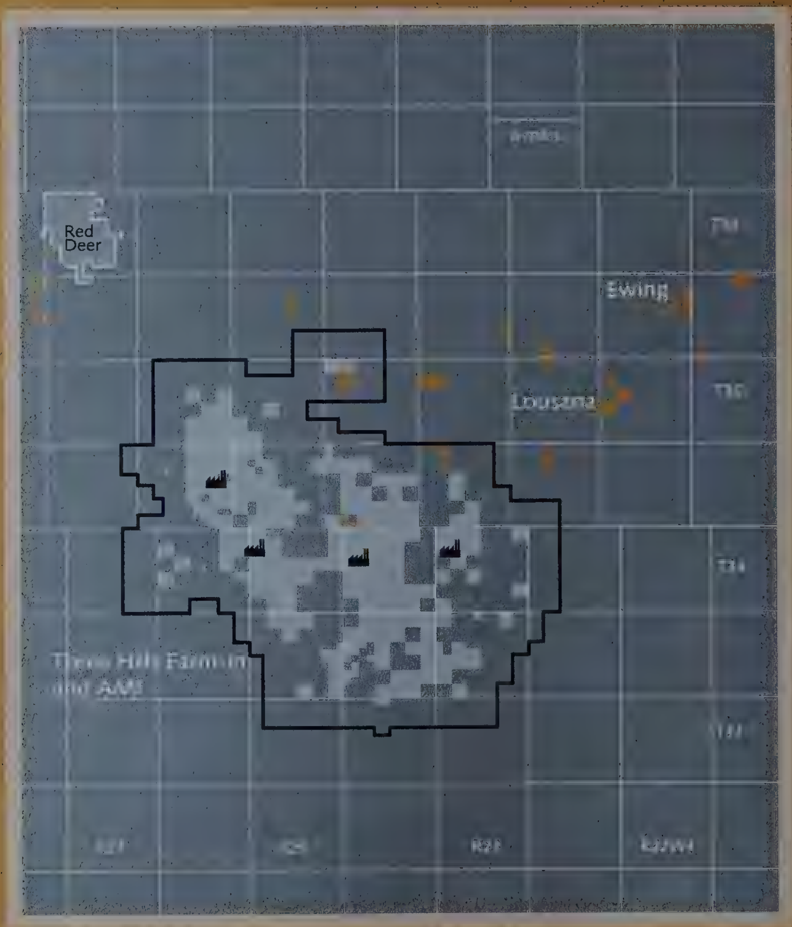
The Crispin asset base consists of three project areas: Rainbow, Stettler and Bonnyville. Each project area contributed to our 2002 growth and each will be developed further in 2003. These projects have several common characteristics that underscore Crispin's ongoing strategy:

- **Crispin operated and high working interest (>90%)**
- **Low decline assets, providing stable production**
- **Focused operations allowing for operating cost optimization**

These strategies underpin the Company's selection and decision making process for development and exploration projects. Crispin increased production and improved operational efficiencies in 2002 with a minimum of capital spending. Q1 2003 will see Crispin continue to initiate focused exploitation projects associated with our current producing properties.

Project Areas

Stettler



- **Crispin operated**
- **95% average W.I.**
- **230 boe/d – December 31, 2002**

The Stettler area consists of two properties: Ewing Lake and Lousana. These properties were producing at a combined rate of 230 boe/d at year-end 2002. Both properties produce from the Nisku Formation. The Nisku is a Devonian carbonate reservoir that typically exhibits a long producing life with a gradually increasing water cut. In 2002, Crispin initiated optimization programs at Ewing Lake after consolidation of our working interest position.

Early in 2003, Crispin will upgrade and consolidate surface facilities at Ewing Lake to reduce operating costs, and will commence a high volume lift project aimed at increasing recovery from the existing reservoir. Crispin will complete seismic evaluation at Lousana by Q2 2003, in order to confirm further development locations. A multi-well farm-in agreement with a major producer in the Three Hills area was announced in Q1 2003. The agreement will cover an area in excess of 100,000 acres of gas-prone land; with extensive gathering and processing systems already in place. The agreement gives Crispin access to all proprietary 2D & 3D seismic owned by the farmor within the agreement area.

Rainbow

- **Crispin operated**
- **100% average W.I.**
- **325 boe/d – December 31, 2002**

For 2002, Crispin averaged production of 315 boe/d through the Crispin operated gathering, treating and disposal facilities in this area. Highlighting activity was the tie-in of a Keg River well purchased from a major producer in late 2001. The performance of the field was solid during 2002 and provided a steady production base. In addition, the sustained production from the Sulphur Point formation, an earlier re-completion project, has been positive.

In Q1 2003, Crispin drilled a well on the Sousa property to test a Keg River reef. This well is now on stream. Combined with the tie-in of third party production to our facilities, the additional volumes will enable Crispin to reduce operating costs in the area.

Bonnyville

- **Crispin operated**
- **100% average W.I.**
- **240 boe/d – December 31, 2002**

Crispin controls approximately 6,400 acres of oil sands leases in the Bonnyville project area. These leases have a variety of cold production targets underlying them. Bonnyville provides the Company with an inventory of development and exploratory projects, which it will draw upon as prevailing conditions warrant. The Mann Lake project averaged 220 boe/d in 2002.

During Q1 2003, Crispin will drill two 100% working interest wells on an extension to the Mann Lake pool. In addition, the Company has applications, either approved or pending, for three other targets in the Bonnyville area. Production from each of these projects will be eligible for the heavy oil 1% royalty rate. These projects should yield finding and development costs in the $3 - $4 per boe range.

Reserves

Petroleum and Natural Gas Reserves

The crude oil, natural gas liquids and natural gas reserves of the Company have been reported on, as at December 31, 2002 by Gilbert Laustsen Jung Associates Ltd. (GLJ) in a report dated February 18, 2003. GLJ was engaged to conduct an independent review of the Company's reserves for 2002. Prior to 2002 Outtrim Szabo Associates Ltd. had performed the independent review. The reserves were evaluated by GLJ on a reserve and economic basis in accordance with National Policy 2-B. The evaluators are qualified and experienced professional engineers and geologists and are independent of Crispin. All Crispin properties were evaluated by GLJ, effective December 31, 2002 and are as follows:

Reserves

	Oil & NGL's		Sales Gas		Present Value Cash Flow			
						Discounted at		
Escalating Price Evaluation	Gross	Net	Gross	Net	Undiscounted	10%	12%	15%
	(mbbl)	*(mbbl)*	*(mmcf)*	*(mmcf)*	*(000's)*	*(000's)*	*(000's)*	*(000's)*
Proved Producing	1,214.4	1,022.1	497.1	427.6	18,820	13,435	12,778	11,938
Proved Non-Producing	6.0	3.9	947.8	626.1	2,082	1,324	1,217	1,076
Proved Undeveloped	82.0	72.8	4.1	3.2	487	369	350	324
Total Proved	1,302.4	1,098.8	1,449.0	1,056.9	21,389	15,128	14,345	13,338
Probable Risked at 50%	281.9	235.7	636.5	354.7	4,769	2,436	2,199	1,910
Total Proved plus 50% Probable	1,584.3	1,334.5	2,085.5	1,411.6	26,158	17,564	16,544	15,248

The crude oil price forecast used in determining reserve values is based on an average WTI price of $25.50US/bbl for 2003, $22.00US/bbl in 2004, and $21.00US/bbl in both 2005 and 2006. The natural gas price used in determining natural gas reserve values was based upon an average 2003 AECO-C price of $5.65CDN/mmbtu, declining to $5.00/mmbtu in 2004 and $4.70/mmbtu in 2005.

Reserve Reconciliation

(mboe's)	Proved Producing	Total Proved	Proved & Probable
December 31, 1999	626.6	1,666.3	2,294.2
Discoveries and Extensions	253.2	425.7	546.3
Acquisitions	1.4	1.4	1.4
Technical revisions	(26.3)	(365.0)	(294.5)
Net additions	228.3	62.1	253.2
Production 2000	(155.5)	(155.5)	(155.5)
December 31, 2000	699.4	1,572.9	2,391.9
Discoveries and Extensions	194.8	202.0	215.3
Acquisitions	446.2	291.5	194.3
Technical revisions	170.3	(60.6)	(145.2)
Net additions	811.3	432.9	264.4
Production 2001	(230.5)	(230.5)	(230.5)
December 31, 2001	1,280.2	1,775.3	2,425.5
Discoveries and Extensions	**300.4**	**379.1**	**527.8**
Acquisitions	**5.7**	**4.0**	**11.8**
Technical revisions	**16.5**	**(308.9)**	**(339.5)**
Net additions	**322.6**	**74.2**	**200.1**
Production 2002	**(305.6)**	**(305.6)**	**(305.6)**
December 31, 2002	**1,297.2**	**1,543.9**	**2,320.0**

Gas converted to boe's at 6:1.

Crispin

Energy Inc.

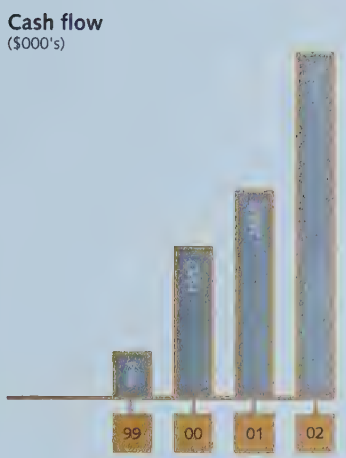
Management's Discussion and Analysis

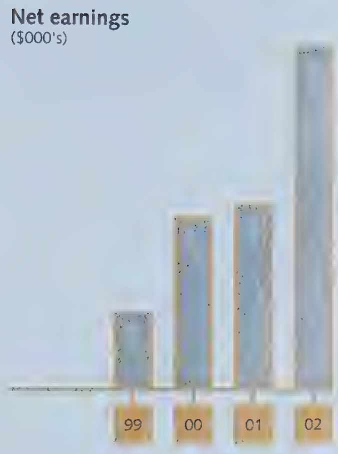
The management discussion and analysis (MD&A) that follows is intended to supplement the financial statements and accompanying notes contained in this annual report. Estimates of future operating and financial performance are based on information currently available.

The calculation of barrels of oil equivalent ("boe") is based on the conversion rate of six thousand cubic feet of natural gas for one barrel of crude oil (6:1), unless otherwise stated. This conversion conforms to the Canadian Securities Regulators proposed National Instrument 51-101 – Standards for Oil and Gas Activities. Calculations of boe's for the previously reported years have been adjusted from a 10:1 basis to the current 6:1 standard. All comparisons refer to the year-ended December 31, 2002 compared with the year ended December 31, 2001, unless otherwise indicated. All production volumes quoted are the Company's working interest share (net), unless otherwise indicated.

Management's discussion and analysis contains certain terms such as cash flow from operations, netback analysis and netbacks per boe. These measurements should not be considered an alternative to, or more meaningful than, net earnings or cash flow from operating activities as determined in accordance with Canadian generally accepted accounting principles ("GAAP") as indicators of the Company's financial performance or liquidity. Crispin's cash flow from operations, netback analysis and netbacks per boe may not be comparable to those reported by other companies, and are included as supplemental information only.

Statements throughout this annual report that are not historical facts may be considered "forward looking statements". These forward looking statements sometimes include words to the effect that management believes or expects a stated condition or result. All estimates and statements that describe the company's objectives, goals or future plans are forward looking statements. Since forward looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to any number of factors, including such variables as new information regarding recoverable reserves, changes in demand and commodity prices for oil and gas, legislative, environmental and other regulatory or political changes, competition in areas were the company operates and other factors discussed in this annual report.





Overview

The following table summarizes netback, cash flows and net income for the years ended 2002 and 2001:

	2002		2001	
	$	$/boe	$	$/boe
Production revenue	$ 10,001	$ 32.72	$ 6,193	$ 26.86
Royalties	(1,939)	(6.34)	(1,236)	(5.36)
Production expenses	(2,403)	(7.86)	(1,675)	(7.26)
Other	53	0.17	145	0.63
Field netback	5,712	18.69	3,427	14.87
Hedging losses	(110)	(0.36)	(140)	(0.60)
Operating netback	5,602	18.33	3,287	14.27
General and administrative	(821)	(2.69)	(417)	(1.81)
Interest & taxes	(309)	(1.01)	(202)	(0.88)
Other	(59)	(0.19)	–	–
Cash flow from operations	4,413	14.44	2,668	11.58
Depletion, depreciation, future site	(2,483)	(8.12)	(1,577)	(6.84)
Future income taxes	(742)	(2.43)	(397)	(1.72)
Extraordinary item	122	0.40	–	–
Net income	$ 1,310	$ 4.29	$ 694	$ 3.02

The Company's total adjusted operating netback increased by 70% to $5,602,138 during 2002 from $3,287,684 in 2001. The per boe adjusted operating netback increased by 28% to $18.33/boe from $14.27/boe in 2001, while the funds generated per boe from operations increased by 25% to $14.44/boe from $11.58. The increases recorded in the per boe netbacks reflect the increases in average commodity prices, in average royalty costs, production expenses and general and administrative costs as well as the reduced hedging costs and other income experienced during 2002.

Netback by product

	Oil and liquids							
	Conventional		Heavy		Natural Gas		2002 Total	
2002 Production	**520 bbls/day**		**210 bbls/day**		**639 mcf/day**		**837 boe/day**	
	($ 000's)	*($/bbl)*	*($ 000's)*	*($/bbl)*	*($ 000's)*	*($/mcf)*	*($ 000's)*	*($/boe)*
Production revenue	**$ 7,189**	**$ 37.84**	**$ 1,962**	**$ 25.58**	**$ 849**	**$ 3.64**	**$10,001**	**$ 32.72**
Royalties, net ARTC	**(1,702)**	**(8.95)**	**(19)**	**(0.24)**	**(218)**	**(0.94)**	**(1,939)**	**(6.34)**
Operating expense	**(1,416)**	**(7.45)**	**(512)**	**(6.67)**	**(475)**	**(2.03)**	**(2,403)**	**(7.86)**
Field netback	**$ 4,071**	**$ 21.44**	**$ 1,431**	**$ 18.67**	**$ 156**	**$ 0.67**	**$ 5,659**	**$ 18.52**

	Oil and liquids							
	Conventional		Heavy		Natural Gas		2002 Total	
2001 Production	323 bbls/day		226 bbls/day		496 mcf/day		632 boe/day	
	($ 000's)	*($/bbl)*	*($ 000's)*	*($/bbl)*	*($ 000's)*	*($/mcf)*	*($ 000's)*	*($/boe)*
Production revenue	$ 4,114	$ 35.21	$ 1,235	$ 14.94	$ 815	$ 4.49	$ 6,193	$ 26.86
Royalties, net ARTC	(981)	(8.34)	(93)	(1.13)	(162)	(0.90)	(1,236)	(5.36)
Operating expense	(871)	(7.40)	(621)	(7.51)	(183)	(1.01)	(1,675)	(7.26)
Field netback	$ 2,262	$ 19.47	$ 521	$ 6.30	$ 470	$ 2.58	$ 3,282	$ 14.24

Production revenue

Gross petroleum and natural gas revenues increased by 62% in 2002 to $10,000,886 from $6,193,334 in 2001. The increase in production revenues is attributable to a combination of a 33% increase in production volumes in 2002 and a 22% increase in per boe average commodity prices. The Company's average field commodity price for 2002 improved to $32.72/boe compared to $26.86/boe in 2001.

During 2002, Crispin was party to a number of crude oil hedging contracts. Combined, these contracts resulted in the realization of a $109,973 hedging loss during 2002, compared to a $139,520 hedging loss during 2001. The company treats its hedging gains and losses as adjustments to gross revenues. The 2002 loss resulted in a revenue adjustment of $0.36/boe compared to $0.60/boe revenue adjustment in 2001.

	2002				2001			
	$000's	% Sales	Volume (boe)	$/unit	$000's	% Sales	Volume (boe)	$/unit
Crude oil – Light	$ 7,189	71.9	190,003	$ 37.84	$ 4,114	67.0	117,683	35.21
Crude oil – Heavy	1,962	19.6	76,702	25.58	1,235	19.9	82,658	14.94
Total crude oil	9,152	91.5	200,341	34.31	5,379	86.9	200,341	26.85
Natural gas	849	8.5	38,909	3.64	815	13.1	30,199	4.49
Total field revenue *(boe)*	$ 10,001	100.0	305,614	$ 32.72	$ 6,193	100.0	230,540	$ 26.86
BI Insurance	–	–	–	–	111	–	–	0.48
Hedging loss	(110)	–	–	(0.36)	(140)	–	–	(0.60)
Total net revenue *(boe @ 6:1)*	$ 9,891	100.0	305,614	$ 32.36	$ 6,164	100.0	230,540	$ 26.74

Risk management

Crude oil production is Crispin's primary focus and accounted for 91.5% of total sales during 2002. As a result, Crispin is highly sensitive to changes in world crude oil prices. Financial hedging instruments are used to provide stability with respect to commodity pricing. During 2002 the Company entered into a number of new crude oil forward sales contracts. At year-end, Crispin had two crude oil collars in place; the first for 200 bopd, establishing a floor price of US $24.00/bbl and a ceiling price of US $28.10/bbl which runs from January 1, 2003 to June 30, 2003, the second crude oil collar, also for 200 bopd, establishes a floor price of US $24.00/bbl and a ceiling price of US $28.15/bbl which runs from January 1, 2003 to March 31, 2003. Subsequent to year-end the Company put protected a further 200 bopd establishing a floor price of US$25.00/bbl which is in effect from April 1, 2003 to June 30, 2003 (see note 8 to the consolidated financial statements).

Other income

Other income is typically comprised of interest income and seismic sales. Other income totaled $53,043 for 2002 ($145,320 – 2001). For the year ended December 31, 2001 other income of $145,320 included $111,500 in business interruption insurance proceeds.

Royalties

Total royalty expense, net of ARTC, increased 57% to $1,938,968 in 2002 from $1,236,712 in 2001. The increase in total royalty expenses is due to the combination of a 61% increase recorded in production revenues and a 33% increase in sales volumes.

The Company's overall effective royalty rate averaged 19% in 2002 compared to 20% in 2001. On a dollar per boe basis the Company's royalty cost increased 18% to $6.34/boe from $5.36/boe in 2001. The year over year increase in the average royalty cost per boe is attributable to the 22% increase in average commodity prices realized in 2002.

	2002			2001		
	$000's	**%Sales**	**$/unit**	$000's	%Sales	$/unit
Crude Oil – Light	**$1,716**	**23.9**	**9.03**	$1,001	24.1	8.50
Crude Oil – Heavy	**19**	**1.0**	**0.24**	93	7.6	1.13
Crude Oil Total	**1,735**	**18.9**	**6.50**	1,094	20.3	5.51
Natural Gas	**218**	**25.7**	**0.94**	162	19.9	0.90
ARTC	**(14)**	**(0.1)**	**(0.05)**	(20)	(0.3)	(0.09)
Total *(boe)*	**$1,939**	**19.4**	**6.34**	$1,236	20.0	5.36

It is expected that the Mann Lake heavy oil project will payout during 2003, at which time the royalty burden on the property will change from a flat 1% of gross sales to a 25% net profits interest. The Company does not utilize its full limit under the rules governing the Alberta Royalty Tax Credit ("ARTC") and could therefore derive a significant benefit from the program as drilling operations are undertaken on crown lands.

Production expenses

Total production expenses were up 43.5% to $2,402,850 in 2002 from $1,674,738 in 2001. On a boe basis, the 2002 average production expense increased by 8.2% to $7.86/boe from $7.26/boe in 2001.

Heavy oil production expenses decreased by 11% to $6.67/bbl from $7.51/bbl in 2001. The decrease in the per barrel heavy oil production expenses is a combined function of the higher levels of production from the Mann Lake property which has resulted in some economies of scale being realized during 2002, as well as lower energy and sand handling costs.

Light oil production expenses increased by 1.0% to $7.45/bbl for 2002 from $7.40/bbl for 2001. Light oil production increases at both Sousa and at Ewing Lake helped to keep the per barrel operating expenses relatively unchanged despite generally rising field costs.

Production expenses associated with natural gas averaged $2.03/mcf during 2002, as compared to $1.01/mcf in 2001, the increase is entirely the result of minimum compression, processing and gathering fee's on the Sousa gas production.

	2002		2001	
	$000's	**$/unit**	$000's	$/unit
Crude Oil – Light	**$ 1,416**	**$ 7.45**	$ 871	$ 7.40
Crude Oil – Heavy	**512**	**6.67**	621	7.51
Crude Oil Total	**1,928**	**7.23**	1,492	7.45
Natural Gas & other	**475**	**2.03**	183	1.01
Total *(boe)*	**$2,403**	**$ 7.86**	$1,675	$ 7.26

General and administrative expense

General and Administrative expenses, net of recoveries and capitalized costs, increased by 97% to $821,437 in 2002. At the end of 2002 Crispin had 9 full time employees. On a $/boe of production basis, general and administrative expense increased by 48% during 2002 to $2.69/boe from $1.81/boe in 2001. The increase in both the per boe and total general and administrative expenses is attributable to higher staffing levels for 2002. Management anticipates reductions to the boe cost of the G&A as new production is brought on-stream during 2003. The Company's 2002 exit production rate was approximately 870 boe/d (6:1), as compared to the 2002 full year average of 837 boe/d.

	2002		2001	
	$000's	**$/boe**	$000's	$/boe
Gross G&A	**$ 1,311.2**	**$ 4.29**	$ 757.3	$ 3.29
Overhead recoveries	**(146.5)**	**(0.48)**	(119.9)	(0.52)
Capitalized G&G	**(343.3)**	**(1.12)**	(220.2)	(0.96)
Net G&A expense	**$ 821.4**	**$ 2.69**	$ 417.2	$ 1.81

Interest expense

Interest expense increased to $299,371 in 2002 from $202,199 in 2001, the result of increased average borrowings by the Company during 2002. On a per boe basis, interest expense totalled $0.98/boe in 2002 compared to $0.88/boe in 2001.

Business development expense

Business development expense is comprised of costs incurred and expensed, to evaluate various significant business acquisition opportunities. Business development expenses during 2002 totaled $59,223 ($0.20/boe).

Funds from operations

Funds from operations increased 65% to $4,413,108 in 2002 compared to $2,668,246 for 2001. Funds per weighted average share outstanding increased by 57% to $0.10 ($0.10 diluted) for 2002, funds per boe increased by 25% in 2002 to $14.44/boe from $11.58/boe in 2001.

	2002	2001
Funds from operations *($)*	**4,413,108**	2,668,247
Per share basic *($)*	**0.10**	0.06
Funds per boe *($)*	**14.44**	11.58

Depletion, depreciation and future site expense

Depletion and depreciation charges for 2002 increased to $2,380,130 from $1,513,191 for 2001. On a boe basis depletion and depreciation was $7.79/boe in 2002 compared to $6.56/boe for 2001, an increase of 19%. The increase in the per boe depletion and depreciation rate is attributable to non-reserve addition capital expenditures (facilities) and downward revisions to the proven non-producing reserves.

The future site restoration provision totaled $103,365 ($0.34/boe) for 2002, compared to $55,823 ($0.24/boe). The increase in the provision is attributable to both increased production volumes and an increase in the overall amount to be provided for over the life of the remaining reserves.

Income and other taxes

The provision for future income taxes was $742,249 for 2002, compared to $396,791 for 2001. The 87% increase in the future income tax provision is primarily a function of the 78% increase in pre-tax net income for 2002. The company did not pay any cash income taxes during 2002. Capital taxes, which are based on year-end equity and debt levels, totaled $9,000 for 2002.

At December 31, 2002 the Company had accumulated tax pools of $13,019,613 available for application against future taxable earnings, subject to confirmation by income tax authorities, as follows:

Canadian Oil & Gas Property Expense	3,397,144
Canadian Development Expense	1,425,381
Canadian Exploration Expense	2,715,687
Undepreciated Capital Costs (various)	4,630,810
Cumulative Eligible Capital	1,626
Share issue costs	35,790
Attributable Crown Royalty Income	289,676
Net-capital losses	514,500
Non-capital losses carried forward for income tax purposes	9,000
	$ 13,019,614

The accumulated non-capital losses expire if not utilized to reduce future taxable income, primarily in 2003.

Net earnings

Net earnings, before extra ordinary items, increased 71% to $1,187,363 ($0.03 per share basic and diluted) in 2002 from $694,230 ($0.02 per share basic and diluted) in 2001. Net earnings after the provision for the extra ordinary gain was $1,309,668 ($0.03 per share basic) in 2002. The Company achieved a 16.3% after-tax return on weighted average equity during 2002 compared to a 2001 return on weighted average equity of 10.2%

	2002	2001
Net earnings *($)*	**1,309,668**	694,230
Net earnings per share basic and diluted *($)*	**0.03**	0.02
Net earnings per boe *($)*	**4.29**	3.01
Return on equity (%)	**16.3**	10.2

Ceiling test

The ceiling test is a cost recovery test and is not intended as a estimate of fair market value. The test compares the value of the proven reserves, calculated using period-end prices, to the book value of those reserves. In periods of rapid price fluctuations however, average prices over a specified period may be used in the calculation. The test takes into consideration royalties, operating cost, interest, G&A expenses and taxes.

If the value of the future net revenues from proven reserves is determined to be less than the book value of the reserves a write down of the book value of the reserves must be taken. At December 31, 2002 there was no impairment in the carrying value of the property and equipment book values using year-end pricing held constant throughout the life of the remaining reserves.

Capital expenditures

The 2002 capital expenditure program was financed primarily through the use of existing credit lines and cash flow generated from operations. Net capital expenditures totalled $2,874,395 in 2002.

($ thousands)	**2002**	2001
Land and rentals	**135.6**	697.7
Seismic	**99.5**	67.2
Drilling and completions	**896.5**	1,669.9
Acquisitions, net	**115.6**	2,730.2
Capitalized G&A	**343.3**	220.2
Facility and equipment	**1,210.3**	2,205.6
Administrative assets	**73.6**	17.2
Total capital expenditures	**2,874.4**	7,608.0

Finding and development costs

Finding costs are presented for the years 2002, and the three year 2000-2002 cumulative. In calculating finding and development costs, there are often a number of inconsistencies between periods created by the timing of investments and the phase of the exploration cycle. This is particularly related to facility and land costs, as well as the recognition and revision of reserves. Accordingly, three-year calculations can be a more meaningful reflection of a company's ongoing ability to find reserves than a one-year calculation.

The Company continues to emphasize the addition of proved producing reserves to the Company's assets base. After giving effect to production volumes over the past three year period, the Company has increased proved producing reserves by 107% (an increase of 2.07 times). Capital expended on land, facilities and the moving of proved non-producing and probable reserves to the proved producing category resulted in inflated total proved and total proved plus probable finding and development costs. Approximately 42% of total capital was expended on facility development during 2002, substantially distorting finding and development costs. In addition, the migration of the Company's independent reserve evaluation to Gilbert Laustsen Jung Associates Ltd. from Outtrim Szabo Associates Ltd. resulted in a significant downward technical revision to proved non-producing and probable reserves, primarily relating to one well in the Sousa area. Finding and development costs are presented below both inclusive of and before technical revisions.

Finding & developing

($/boe)	One year 2002	Three year 2000 – 2002
Inclusive of technical revisions		
Proved producing	8.91	10.08
Total proved	38.74	24.12
Proved & probable	14.36	19.13
Prior to technical revisions		
Proved producing	9.39	11.43
Total proved	7.50	10.53
Proved & probable	5.33	9.17

Gas converted to boe's at 6:1

Recycle ratio

Reserve recycle ratio is used as one measure of a company's capital efficiency. By relating operating netbacks to finding and development costs, a company's ability to re-invest discretionary cash flow is evaluated. A ratio greater than 1 implies value creation. Crispin targets a ratio of 1.5 or greater to allow for the impact of variables such as commodity price, thereby ensuring value creation through all parts of the commodity price cycle.

Results are similar to the finding and development costs. The company's continued emphasis on proved producing reserve additions in 2002 is evident as both the 2002 and three year average recycle ratio on proved producing reserves exhibit strong results. Recycle ratio is presented using finding and development costs net of technical revision. The results would be substantially better prior to the technical revisions.

Recycle Ratio

	2002	3 year
Inclusive of technical revisions		
Proved producing	**2.08**	1.77
Total proved	**0.48**	0.74
Proved & probable	**1.29**	0.93

Liquidity and capital resources

The Company had a net working capital deficit of $347,454 and an overall net debt position of $4.0 million at the end of 2002. At year-end 2001 the Company had a net working capital deficit of $527,830 and net debt of $6.2 million.

The Company has a $6,500,000 revolving operating demand loan facility and a $5,000,000 non-revolving acquisition and development demand loan facility with the National Bank of Canada. As of December 31, 2002 Crispin had drawn a total of $3,650,000 on the revolving operating demand loan facility and $ nil on the non-revolving acquisition and development demand loan facility. The annual borrowing base review for this loan facility is scheduled for May 2003.

Equity

During the year, 275,000 employee share purchase options were exercised, 750,000 common shares and 1,554,545 flow-through common shares were issued. In total 2,579,545 common shares were issued for gross proceeds of $703,250. The carrying value of the common shares has been reduced by $209,336 reflecting the tax benefits of exploration and development expenditures renounced to the shareholders pursuant to the flow-through share agreements.

Capital requirements

The Company will continue to finance its activities through future equity offerings, internally generated cash flow and existing bank credit lines. The Company's intends to use these sources of funding to pursue expansion in existing project areas. The possibility does exists that the various sources of financing currently available to the Company may not be available when required, or may not be attainable in the amounts, or on terms acceptable to the Company when required to finance Crispin's ongoing activities.

Normal course issuer bid

During April 2002, the Company filed a notice of intention to make a normal course issuer bid with the TSX Venture Exchange under which the Company could acquire up to 2,000,000 or 6.6% of the public float (non-insiders, associates or affiliates thereof) through the facilities of the TSX Venture Exchange. All shares purchased by Crispin under the issuer bid are returned to treasury and cancelled. To December 31, 2002 Crispin had not re-purchased any common shares under the current Normal Course Issuer Bid.

Net asset value

Crispin's net asset value at December 31, 2002 using established reserves was $0.33 per share basic ($0.32/share diluted). At December 31, 2001 net asset value was $0.32/share basic and diluted. The following table summarizes the net assets value calculation:

($ thousands)	**2002**	2001
Reserves discounted at 10% pre-tax (1) *($)*	**17,564**	18,571
Undeveloped land (2) *($)*	**1,303**	1,307
Working capital deficit *($)*	**(347)**	(528)
Bank Debt *($)*	**(3,650)**	(5,700)
Net asset value – basic *($)*	**14,870**	13,650
Proceeds of stock options	**968**	522
Net asset value – diluted *($)*	**15,838**	14,172
Diluted common shares *(000's)* (3)	**48,976**	44,796
Per share amounts (4)		
Basic	**$ 0.33**	$ 0.32
Diluted	**$ 0.32**	$ 0.32

(1) Established reserves, see reserves summary section for discussion.

(2) Undeveloped land is evaluated on a property specific basis.

(3) Diluted shares includes shares outstanding plus outstanding options at December 31, 2002.

(4) Using the April 1, 2003 GLJ price forecast, the NAV is $0.41/share basic and $0.39/share diluted as at December 31, 2002.

Business risks

As a junior petroleum and natural gas explorer, developer and producer Crispin is faced with various risks inherent to the oil and gas industry that are outside of management's control. These include, exploration uncertainty, access to processing and shipping facilities, commodity price fluctuation, interest and foreign exchange rate risks, conditions affecting the supply and demand for hydrocarbons, government regulations, royalty and tax structures and environmental protection.

The oil and gas industry in western Canada is highly competitive and Crispin competes with other oil and gas company's that have greater resources. The Company's continued success will depend upon its ability to find new hydrocarbon reserves at a low cost through exploration, development and acquisition and in conducting its operations in a cost-effective manner.

Management attempts to mitigate the various forms of risk inherent in the industry in a number of ways, including: employing experienced and motivated staff, utilizing new technologies, controlling and reviewing ongoing costs, generating new economic projects in areas where the Company has a good understanding of the geological risks and potential, diversification of commodity mix, use of financial hedging instruments, and maintaining sufficient levels of business, comprehensive and property insurance to safeguard the Company's assets.

Environment and Safety

The oil and gas industry is subject to environmental regulation under federal and provincial legislation. Some of the Company's operations are in environmentally sensitive areas. Crispin is committed to conducting its operations in a manner that minimizes environmental impact and the likelihood of environmental damage. Environmental reviews are completed as part of the Company's due diligence when new property acquisitions are made. Additionally, the Company has implemented a program to review all of its' producing properties on a rotating basis to assess and monitor the environmental impact of our operations. Management estimates and provides for its liability in respect to reclamation and restoration of lands upon which its operations are conducted.

Crispin maintains a safety policy that is designed to comply with current government regulations for the oil and gas industry. Employees' and field contractors receive necessary training, follow the Company's safety manual and the policies set out by Occupational Health and Safety regulations. The Company monitors these standards to ensure compliance with any change to the policies or regulations. Regular safety audits are undertaken to ensure that all operations comply with government regulations and industry standards and to identify opportunities to reduce the risks associated with field operations. The Company also maintains a formal Emergency Response Plan (ERP) detailing procedures that employees and contractors must follow in the event of an emergency.

Corporate Governance

In 1995, the Toronto Stock Exchange (the "TSX"), through its Committee on Corporate Governance, established certain guidelines for corporations to follow to effect appropriate corporate governance. (the "TSX Guidelines"). The TSX published proposed amendments to the TSX Guidelines in April 2002 and November 2002 which have not, as of yet, been adopted. Effective December 31, 2002, the TSX Venture Exchange requires that Tier I issuers, of which the Corporation is one, provide disclosure of information about their corporate governance practices in relation to the TXS Guidelines.

The Corporation has established policies and procedures adopting certain of the TXS Guidelines which the Board of Directors (the "Board") have determined are important to meet corporate objectives and direction while at the same time providing for the best interests of the Corporation and its shareholders. Listed below are the 14 TXS Guidelines and a brief discussion of the Corporation's compliance with the TXS Guidelines.

1) The Board should explicitly assume responsibility for stewardship of the Corporation, and specifically for adoption of a strategic planning process, identification of principal risks, succession planning and monitoring communications policy and integrity of internal control and management information systems

The Board of Directors acknowledges its responsibility for the stewardship of the Corporation in overseeing the business and affairs of the Corporation. In particular, the Board:

- ensures the Corporation has appropriate short and long-term goals and has implemented a strategic planning process, which takes into account, among other things, the opportunities and risks of the business.
- identifies the principal business risks and ensures proper systems are in place to manage these risks and protect shareholder value.
- ensures that senior management is of the highest caliber and that adequate systems are in place for the appointment, development and monitoring of senior management to facilitate the orderly succession of senior management.
- ensures the Corporation's communication policy enables it to effectively communicate with shareholders, other stakeholders and the public generally, including the capital markets.
- ensures the Corporation has in place adequate internal controls and management information systems.

2) A Majority of directors should be "unrelated" (free from conflicting interest).

The Board of Directors is comprised of 5 members, all of whom have extensive and varied business experience. The majority of the directors are "unrelated directors", as such term is defined by the TXS Guidelines. The Corporation does not have a significant shareholder with the ability to exercise a majority of the votes for the election of directors.

3) Disclose for each director whether he or she is related, and how that conclusion was reached

All of the members of the Board of Directors of the Corporation are non-management "unrelated directors" with the exception of Mr. Murray Nunns, President and CEO and Mr. William Bradley, Executive Vice President, who each are management directors and therefore related.

4) Appointment of a Committee responsible for appointment/assessment of directors.

At this time, the Board believes that it is important to have the input of the full Board with respect to the appointment/assessment of directors. Accordingly, the Board as a whole reviews any proposed new nominee for the Board.

5) Implement a process for assessing the effectiveness of the Board, its Committees and individual directors.

Responsibility for the assessment of the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors remains with the full Board and are dealt with through the actions of the entire Board. The Board believes that, as a whole, it is best positioned to make such assessment and ensure that individual directors, and the whole Board is acting in the best interests of shareholders with a view to enhancing shareholder value.

6) Provide orientation and education programs for new directors.

The Corporation provides orientation to new directors on an informal basis upon them being invited to join the Board of Directors based upon the director's background and knowledge of our business and operations.

7) Consider reducing size of Board, with a view to improving effectiveness.

The Corporation's Articles of Association restrict the size of the Board to a maximum of 7 members. The current size of the Board is 5 directors. With the Corporation's growth and its plans for the future, the Corporation believes the size of the Board should be increased to 6 directors, in order to fulfill the Board's mandate and those of its committees and facilitate effective decision-making.

8) Review the compensation of directors in light of risks and responsibilities.

The Board created the Compensation Committee comprised of "unrelated directors" who are:

- Glen Phillips
- Robert Eldridge

One of its key functions is to review the adequacy and form of directors' compensation and make recommendations designed to ensure the directors' compensation realistically reflects the responsibilities of the Board of Directors. It is also responsible for the overall approval of the Corporation's compensation policies and levels of compensation.

9) Committees should generally be composed of outside directors, a majority of whom are unrelated.

The Board has established three committees:

(i) the Compensation Committee as described in paragraph 8;

(ii) the Audit Committee as described in paragraph 13; and,

(iii) the Reserve Committee comprised of a majority of non-management "unrelated directors" who are:

- Glen Phillips
- John Burns
- Murray Nunns

The Reserve Committee communicates directly with the Corporation's external independent engineering firm to review the qualifications of and procedures used by the independent engineers in determining the estimate of the Corporation's quantities and value of petroleum and natural gas reserves remaining.

10) The Board, or a committee of directors, should expressly assume responsibility for developing the Corporation's approach to corporate governance issues

The Board as a whole has assumed the responsibility for developing the Corporation's approach to governance issues and is responsible for the Corporation's response to these governance guidelines.

11) The Board, together with the CEO, should develop position descriptions for the Board and for the Chief Executive Officer, and the Board should approve or develop corporate objectives, which the Chief Executive Officer is responsible for meeting.

The President and CEO is accountable to the Board for meeting corporate objectives. The Board has delegated to the President and CEO the responsibility for the day-to-day management of the business of the Corporation, subject to compliance with plans and objectives approved from time to time by the Board, against which the performance of the President and CEO is assessed. Any responsibility that is not delegated to the President and CEO or a Board committee remains with the full Board. The Board approves all plans and corporate objectives.

12) Establish procedures to enable the Board to function independently of management

The Board of Directors has functioned and is of the view that it can continue to function independently of management. The chairman is not a member of management, and is an "outside" and "unrelated" director. The Board and any committee of the Board can meet without management present whenever appropriate or deemed necessary.

13) Establish an Audit Committee with a specifically defined mandate (all members should be non-management directors).

The Board created the Audit Committee, which meets all statutory requirements and is comprised of:

- Robert Eldridge
- John Burns

Each of whom are non-management "unrelated directors". The Board has determined that all members of the Committee are "financially literate" and at least one member has accounting or related "accounting or related financial experience", as such terms are defined by the proposed TSX Guidelines. The Audit Committee communicates directly with the Corporation's external auditors both with management and independent of management and is responsible for monitoring the preparation and audit of the Corporation's financial statements and the establishment of appropriate internal controls. The Audit Committee and the Board has adopted "Terms of Reference" which outline the purpose of the Committee, its composition, procedures, and organization; and, its role and responsibilities.

Additionally, the Audit Committee acts to ensure that management has responsibility and effectively discharged its responsibility to design and implement a system of internal controls.

14) Implement a system to enable individual directors to engage outside advisors, at Corporation's expense.

The full Board or any member of the Board can engage outside advisors at the expense of the Corporation in appropriate circumstances.

Board/Management Roles and Relationship

Management is responsible for the development of overall strategy and the preparation and implementation of related business plans. The role of the Board is to review and ultimately approve the long-term strategies and plans for Crispin. The Board relies significantly on the information and analysis provided by management. It has confidence in management's skills and administrative abilities.

The Board considers certain decisions are of sufficient importance that management will seek prior approval of the Board, such as:

- The approval of the annual capital and operating budget and any material changes to this budget;
- Entering into forward pricing arrangements beyond 50% of current production volumes;
- The acquisition or sale of significant oil and natural gas assets in excess of pre-established guidelines;
- Entering fixed interest rate or fixed exchange rate arrangements;
- All new debt or equity financing;
- Changes to management group;
- All matters as required under the Business Corporations Act Alberta;
- Significant changes in corporate policies, goals or objectives.

The Board meets on a regular quarterly basis and otherwise as required.

Insider Trading Guidelines

The Company has implemented Insider trading guidelines which state that there will be an automatic trading black out for all employees, directors and contract staff for a period of fourteen (14) calendar days prior to and five (5) calendar days after the release of quarterly and financial statements. Additionally, trading blackouts for employees, directors and consultants will be put in place at the discretion of the directors or senior management as required when material issues, activities or transactions warrant.

2002 Financial Statements

Management's Report to the Shareholders

The accompanying consolidated financial statements and all information in the Annual Report are the responsibility of management. The consolidated financial statements have been prepared by management in accordance with the accounting policies in the notes to financial statements. When necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality, and are in accordance with Canadian generally accepted accounting principles (GAAP) appropriate in the circumstances. The financial information elsewhere in the Annual Report has been reviewed to ensure consistency with that in the consolidated financial statements.

Management has prepared Management's discussion and analysis (MD & A). The MD & A is based upon the Company's financial results prepared in accordance with Canadian GAAP. The MD & A compares the audited financial results for the twelve months ended December 31, 2002 to December 31, 2001.

Management maintains appropriate systems of internal control. Policies and procedures are designed to give reasonable assurance that transactions are properly authorized, assets are safeguarded and financial records properly maintained to provide reliable information for the preparation of financial statements.

KPMG LLP, an independent firm of Chartered Accountants, was engaged, as approved by a vote of shareholders at the Corporation's most recent annual general and special meeting, to audit the consolidated financial statements in accordance with generally accepted auditing standards in Canada and provide an independent professional opinion.

The Audit Committee of the Board of Directors, which is comprised of two directors who are not employees of the Corporation, has discussed the consolidated financial statements, including the notes thereto, with management and external auditors. The consolidated financial statements have been approved by the Board of Directors on the recommendations of the Audit Committee.

President and
Chief Executive Officer
March 17, 2003

Vice-President Finance
and Chief Financial Officer

Auditors' Report to the Shareholders

We have audited the consolidated balance sheet of Crispin Energy Inc. as at December 31, 2002 and the consolidated statements of earnings and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The consolidated financial statements as at December 31, 2001 and for the year then ended were audited by other auditors, who expressed an opinion without reservation on those statements in their report, dated April 9, 2002.

KPMG LLP

CHARTERED ACCOUNTANTS

Calgary, Canada

March 17, 2003

Consolidated Balance Sheets

as at December 31,

		2002		2001
ASSETS				
Current assets				
Accounts receivable	$	1,608,857	$	1,169,570
Prepaids and deposits		106,689		79,506
		1,715,546		1,249,076
Property and equipment *(note 3)*		13,787,320		13,333,056
	$	15,502,866	$	14,582,132
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Cheques issued in excess of cash in bank	$	405,667	$	340,375
Accounts payable and accrued liabilities		1,657,333		1,436,531
Bank debt *(note 4)*		3,650,000		5,700,000
		5,713,000		7,476,906
Future site restoration and abandonment		229,267		125,902
Future income taxes *(note 5)*		893,891		104,611
Shareholders' equity				
Share capital *(note 6)*		5,052,138		4,569,811
Retained earnings		3,614,570		2,304,902
		8,666,708		6,874,713
Commitments *(note 9)*				
	$	15,502,866	$	14,582,132

See accompanying notes to consolidated financial statements

On behalf of the Board of Directors

MURRAY R. NUNNS
Director

ROBERT H. ELDRIDGE
Chairman

Consolidated Statements of Earnings and Retained Earnings

Years ended December 31,

	2002	2001
Revenue		
Petroleum and natural gas sales	$ 9,890,913	$ 6,053,814
Royalties, net of Alberta Royalty Tax Credit	(1,938,968)	(1,236,712)
Other	53,043	145,320
	8,004,988	4,962,422
Expenses		
Operating	2,402,850	1,674,738
General and administrative	821,437	417,239
Interest	299,371	202,199
Business development	59,223	–
Depletion, depreciation and amortization	2,483,495	1,577,225
	6,066,376	3,871,401
Earnings before taxes and extraordinary gain	1,938,612	1,091,021
Taxes *(note 5)*		
Capital tax	9,000	–
Future income taxes	742,249	396,791
	751,249	396,791
Earnings before extraordinary gain	1,187,363	694,230
Extraordinary gain *(note 2)*	122,305	–
Net earnings	1,309,668	694,230
Retained earnings, beginning of year	2,304,902	1,610,672
Retained earnings, end of year	$ 3,614,570	$ 2,304,902
Basic and diluted earnings per share *(note 5)*		
Before extraordinary gain	$ 0.03	$ 0.02
Net earnings	$ 0.03	$ 0.02

See accompanying notes to consolidated financial statements

Consolidated Statements of Cash Flows

Years ended December 31,

	2002	2001
Cash flow provided by (used for):		
Operating activities		
Net earnings	$ **1,309,668**	$ 694,230
Items not involving cash:		
Depletion, depreciation and amortization	**2,483,495**	1,577,225
Future income taxes	**742,249**	396,791
Extraordinary gain	**(122,305)**	–
Funds from operations	**4,413,107**	2,668,247
Change in non-cash working capital *(note 7)*	**(205,227)**	(435,643)
Cash flow from operating activities	**4,207,880**	2,232,604
Financing activities		
Advances (repayments) of bank debt	**(2,050,000)**	5,025,000
Advances (repayment) of obligations under capital lease	**(40,440)**	83,084
Issuance of common shares	**703,250**	190,000
Repurchase of common shares	**–**	(27,293)
Share issue costs	**(11,587)**	–
Cash flow from financing activities	**(1,398,777)**	5,270,791
Investing activities		
Additions to petroleum and natural gas properties	**(3,283,750)**	(7,642,050)
Proceeds on disposition of petroleum and natural gas properties	**409,355**	34,000
Cash flow from investing activities	**(2,874,395)**	(7,608,050)
Increase in cheques issued in excess of cash in bank	**(65,292)**	(104,656)
Cheques issued in excess of cash in bank, beginning of year	**(340,375)**	(235,719)
Cheques issued in excess of cash in bank, end of year	$ **(405,667)**	$ (340,375)
Funds from operations per share *(note 5)*		
Basic	$ **0.10**	$ 0.06
Diluted	$ **0.10**	$ 0.06

consolidated financial statements

1. Significant accounting policies

(a) Nature of business

Crispin Energy Inc. (the "Company") is engaged in the exploration, development and production of petroleum and natural gas in Western Canada.

(b) Basis of preparation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries.

(c) Joint operations

Substantially all of the Company's exploration, development and production activities are conducted jointly with others and accordingly, the Company only reflects its proportionate interest in such activities.

(d) Petroleum and natural gas properties

The Company follows the full cost method of accounting for petroleum and natural gas operations, whereby all costs related to the acquisition, exploration and development of petroleum and natural gas reserves are capitalized. Such costs include lease acquisition costs, geological and geophysical costs, carrying charges of non-producing properties, costs of drilling both productive and non-productive wells, the cost of petroleum and natural gas production equipment and overhead charges directly related to exploration and development activities.

The Company conducts a cost recovery ceiling test to ensure capitalized costs less accumulated depletion and depreciation, future income taxes and the accumulated provision for future site restoration costs do not exceed the estimated future net revenues plus the cost of unproved properties, net of impairments. The future net revenues are calculated based on proved reserves, using year-end prices and costs. Estimated future capital costs, recurring general and administrative expenses, future financing costs, future site restoration costs, and income taxes are deducted in determining future net revenues. Any amount carried on the balance sheet in excess of the ceiling test limit is charged to current operations as additional depletion.

Proceeds from the disposition of petroleum and natural gas properties are applied against capitalized costs except for dispositions that would change the rate of depletion and depreciation by 20% or more, in which case a gain or loss would be recorded.

Capitalized costs, together with estimated future capital costs associated with proved reserves, are depleted and depreciated using the unit-of-production method based on estimated gross proved reserves of petroleum and natural gas as determined by independent petroleum engineers. For purposes of this calculation, reserves and production are converted to equivalent units of petroleum based on relative energy content of six thousand cubic feet of natural gas to one barrel of petroleum. Costs of significant unproved properties, net of impairments, are excluded from the depletion calculation. These properties are assessed periodically to ascertain whether impairment has occurred. When proved reserves are assigned or the property is considered to be impaired, the cost of the property or the amount of the impairment is added to the costs subject to depletion.

Other assets, which is comprised of office equipment and furniture and fixtures, are recorded at cost and are depreciated over their useful life on a declining balance basis at 30%.

(e) Future site restoration and abandonment costs

A provision for future site restoration and abandonment costs, including the removal of production facilities at the end of their useful lives, and net of salvage values, is provided for over the estimated life of the proved reserves using the unit of production method. Costs are estimated each year by management, in consultation with engineers, based upon current regulations and industry practices. The annual charge is recorded as additional depletion and depreciation. Actual costs incurred are charged against the accumulated liability.

(f) Derivative financial instruments

The Company uses derivative financial instruments from time to time to hedge its exposure to commodity price risk. The Company does not enter into derivative financial instruments for trading or speculative purposes.

The derivative financial instruments are initiated within the guidelines of the Company's risk management policy. This includes linking all derivatives contracts to specific firm commitments or forecasted transactions. The Company believes the derivative financial instruments are effective as hedges, both at inception and over the term of the instrument, as the term and notional amount do not exceed the Company's firm commitment or forecasted transaction and the underlying basis of the instrument, commodity price, matches the Company's exposure.

The Company enters into hedges of its exposure to petroleum and natural gas commodity prices by entering into crude oil and natural gas swap contracts, options or collars, when it is deemed appropriate. These derivative contracts, accounted for as hedges, are not recognized on the balance sheet. Realized gains and losses on these contracts are recognized in petroleum and natural gas revenue and cash flows in the same period in which the revenues associated with the hedged transaction are recognized. Premiums paid or received are deferred and amortized to earnings over the term of the contract.

Gains and losses resulting from changes in the fair value of derivative contracts that do not qualify for hedge accounting are recognized in earnings when those changes occur.

(g) Flow-through shares

Flow-through shares are issued at a fixed price and the resultant proceeds are used to fund qualifying exploration and development expenditures within a defined time period. The expenditures funded by flow-through arrangements are renounced to investors in accordance with tax legislation. Share capital is reduced, and future tax liability is increased by the total estimated future income tax cost of the renounced tax deductions at the time of the issue.

(h) Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment.

(i) Per share amounts

Basic per share amounts are computed by dividing net earnings by the weighted average shares outstanding during the reporting period. Diluted per share amounts are computed similar to basic per share amounts except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise of stock options, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options were exercised and that the proceeds from such exercises were used to acquire shares of common stock at the average market price during the reporting period.

(j) Stock based compensation

Effective January 1, 2002, the Company adopted CICA Handbook Section 3870, Stock-Based Compensation and Other Stock-Based Payments, which establishes the standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services provided by employees and non-employees. The standard requires that an intrinsic-value based method of accounting be applied to all stock-based payments to non-employees and to employee awards that are direct awards of stock, that call for settlement in cash or other assets or are stock appreciation rights that call for settlement by issuance of equity instruments. The new standard permits the Company to continue to follow previous policy of recording no compensation cost on the grant of stock options to employees and directors. Consideration received on the exercise of the stock option is credited to share capital. No restatement of prior periods was required as a result of the adoption of the new standard.

(k) Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

(l) Comparative figures

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

2. Acquisition of Mulberry Management Ltd.

Effective November 6, 2002, the Company acquired all of the issued and outstanding shares of Mulberry Management Ltd. ("Mulberry"), a private company, which is involved in the exploration, development and production of petroleum and natural gas in Western Canada for a cash consideration of $41,100. The acquisition has been accounted for by the purchase method of accounting. The accounts include the results of Mulberry effective November 6, 2002.

The fair values of the net assets acquired were as follows:

Net assets acquired:		
Working capital (including cash of $300)	$	1,100
Future income tax asset		162,305
		163,405
Extraordinary gain		(122,305)
Cash consideration	$	41,100

3. Property and equipment

	2002	2001
Petroleum and natural gas properties	**$ 19,320,672**	$ 16,486,278
Less: Accumulated depletion and depreciation	**(5,533,352)**	(3,153,222)
	$ 13,787,320	$ 13,333,056

During the year ended December 31, 2002, the Company capitalized $343,315 (2001 – $220,199) of general and administrative costs related to exploration and development activities. As at December 31, 2002, the depletion and depreciation calculation excluded unproved properties of $884,046 (2001 – $887,183). As at December 31, 2002, the estimated future site restoration and abandonment costs to be accrued over the life of the remaining proved reserves are $647,000 (2001 – $530,100).

4. Bank debt

The Company has a $6.5 million revolving operating demand loan facility and a $5.0 million non-revolving acquisition and development demand loan facility. Interest is payable on borrowings under the operating facility at an interest rate of Canadian prime plus three quarters of one percent and under the acquisition and development facility at an interest rate of Canadian prime plus one and one quarter of a percent. These credit facilities are subject to an annual borrowing base review, due May 31, 2003, and do not currently call for any repayments or availability reductions. Collateral for the credit facility consists of a fixed and floating charge demand debenture in the amount of $25.0 million covering the primary petroleum and natural gas assets of the Company. As of December 31, 2002 the Company had drawn $3.65 million on its operating facility and $ nil on the acquisition and development facility.

5. Income taxes

Income taxes recorded on the statement of operations and retained earnings differ from the tax calculated by applying the combined federal and provincial income tax rate to income before taxes as follows:

	December 31, 2002	December 31, 2001
Corporate tax rate	**42.12%**	42.62%
Estimated income tax expense	**$ 816,543**	$ 464,993
Increase (decrease) in income taxes		
Non-deductible crown charges	**354,096**	89,426
Federal Resource Allowance	**(397,338)**	(339,079)
Tax rate reduction	**(31,052)**	181,451
Future income taxes	**742,249**	396,791
Capital tax	**9,000**	–
Provision for taxes	**$ 751,249**	$ 396,791

Future income tax liability consist of the following temporary differences:

	December 31, 2002	December 31, 2001
Property and equipment	**(1,022,840)**	(296,345)
Site restoration	**72,425**	40,245
Capital losses	**216,707**	219,280
Non-capital losses	**3,791**	3,704
Share issue expense	**15,075**	147,785
Other	**37,658**	–
	(677,184)	114,669
Less: Valuation allowance	**(216,707)**	(219,280)
Future income tax liability	**(893,891)**	(104,611)

6. Share capital

Authorized

Unlimited number of common shares

150,000 preferred shares

Issued Common shares

	Number of shares	Amounts
Balance at December 31, 2000	41,366,231	$ 4,407,104
Issued on exercise of Series 2 share purchase warrants	500,000	100,000
Issued for on exercise of stock options	450,000	90,000
Common shares repurchased and cancelled	(130,000)	(27,293)
Balance at December 31, 2001	42,186,231	$ 4,569,811
Shares issued for cash	750,000	150,000
Shares issued on exercise of stock options	275,000	56,250
Flow through shares issued for cash, net of future taxes of $209,337	1,554,545	287,663
Share issue costs, net of taxes	–	(11,586)
Balance at December 31, 2002	**44,765,776**	**$ 5,052,138**

On February 7, 2002, the Company provided a loan to an officer of the Company to acquire 750,000 common shares and 200,000 flow-through common share for aggregate consideration of $200,000. The loan was repaid prior to year-end.

Normal Course Issuer Bid

On April 15, 2002, the Company filed a notice of intention to make a normal course issuer bid with the TSX Venture Exchange under which the Company could acquire up to 2,000,000 or 6.6% of the public float (non-insiders, associates or affiliates thereof) through the facilities of the TSX Venture Exchange. The Company has not repurchased any common shares during 2002 pursuant to the Normal Course Issuer Bid (2001 – 130,000 common shares).

Flow-through share agreements

During 2002, the Company entered into flow-through share agreements, whereby the Company agreed to issue 1,554,545 flow-through common shares, in consideration for renouncing $497,000 in qualifying expenditures prior to December 31, 2002. As of December 31, 2002 the Company had an obligation under the flow-through agreement to incur $407,000 in qualifying capital expenditures prior to December 31, 2003.

Share purchase warrants

At December 31, 2002, the Company had no common share purchase warrants outstanding. During 2001, the 500,000 Series 2 common share purchase warrants were exercised at the conversion price of $0.20 and converted to common shares.

Stock options

The Company has established a stock option plan whereby officers, directors and employees may be granted options to purchase common shares. A maximum of 10% of the outstanding common shares of the Company may, from time to time be allocated for issuance to eligible participants. Under this program, the exercise price of each option equals the market price of the Company's stock on the date of grant, the options maximum term is five years, vesting 40% on grant and 20% on each subsequent anniversary date.

The following table summarizes the changes in the stock option plan.

	Number of shares	Weighted average price
Balance at December 31, 2000	2,535,000	$0.18
Granted	525,000	$0.28
Exercised	(450,000)	$0.20
Balance, December 31, 2001	2,610,000	$0.20
Options vested at December 31, 2001	1,828,000	$0.20
Granted	**1,875,000**	**$0.27**
Exercised	**(275,000)**	**$0.20**
Balance, December 31, 2002	**4,210,000**	**$0.23**
Options vested at December 31, 2002	2,670,000	$0.22

At December 31, 2002 the options outstanding had exercise prices ranging from $0.15 to $0.30 with a weighted average contractual life of 2.8 years.

Per share amounts

The calculation of net income per common share and funds from operations per share is based on the weighted average number of common shares outstanding during the year ended December 31, 2002 of 43,784,181 (2001 – 41,665,681). The diluted weighted average number of common shares outstanding during the year ended December 31, 2002 was 44,942,014 (2001 – 42,063,170). The reconciling items between the basic and diluted common shares are outstanding stock options.

Funds from operations per share is based on funds from operations before changes in non-cash working capital items.

Stock-based compensation

The Company accounts for its stock based compensation plan using the intrinsic-value method. Under this method, no costs are recognized on the financial statements for share options granted to employees or directors when the options are issued at market value. Effective January 1, 2002, Canadian Generally Accepted Accounting Principles require disclosure of the impact on net earnings using the fair value method for stock options issued on or after January 1, 2002. If the fair value method had been used, the Company's earnings for the year ended December 31, 2002 are disclosed below. Basic and diluted earnings before extraordinary gain per share and net earnings per share remain unchanged.

Compensation costs	December 31, 2002
Net Earnings:	
As reported	**$ 1,309,668**
Pro forma	**1,141,620**

The fair value of each option granted is estimated on the date of grant using the Modified Black-Scholes option-pricing model with the following assumptions:

Weighted average grant date fair value	$0.26
Risk-free interest rate (%)	5.0%
Volatility (%)	163%
Expected life	Five years

7. Supplemental cash flow information

Changes in non-cash working capital	2002	2001
Accounts receivable	**$ (439,287)**	$ (291,167)
Prepaids and deposits	**(27,183)**	(5,698)
Accounts payable	**261,243**	(138,778)
Change in non-cash working capital	**$ (205,227)**	$ (435,643)
Cash interest paid	**$ 299,371**	$ 202,199
Cash taxes paid	**–**	–

8. Risk Management

Fair value of financial instruments

At December 31, 2002, the fair value of accounts receivable, deposits, cheques issued in excess of cash in bank, accounts payable and accrued liabilities approximate their carrying value due to their current maturities. The bank debt carrying value approximates fair value due to the cost of borrowing being at a floating rate.

Commodity price risk

The Company is party to certain derivative financial instruments that have fixed the price of a portion of its crude oil production. For the year ended December 31, 2002, the Company realized a net loss of $109,973 (2001 – $139,520) on its commodity hedging program.

Contract	Volume	Stike price	Term
Costless collar (1)	200 bbls/d	US$24.00 – US$28.10	January 1, 2003 – June 30, 2003
Costless collar (1)	200 bbls/d	US$24.00 – US$28.15	January 1,2003 – March 31, 2003
Put option (2)	200 bbls/d	US$25.00	April 1, 2003 – June 30, 2003

(1) Costless collar strike price indicates floor and ceiling pricing.

(2) Contract executed January 2003.

The estimated fair value of these contracts at December 31, 2002, had they been settled at that time would have resulted in a payment of $126,927. These instruments have no carrying amount recorded in the financial statements.

Credit risk

The Company is subject to credit risk through trade receivables. Although a substantial portion of its debtor's ability to pay is dependent upon the oil and gas industry, credit risk is considered minimal. Management routinely assesses the financial strength of partners and customers including parties involved in marketing or commodity arrangements. The Company is exposed to credit risk associated with possible non-performance by derivative instrument counter parties. The Company does not require collateral, however, it does limit total exposure to individual counter parties.

Interest rate risk

The Company's credit facilities are subject to floating interest rates. As such any debt carried on the books by the Company would be subject to interest rate cash flow risk, as the required cash flow to service debt would fluctuate as a result of changes in market rates. The Company had total borrowings outstanding under its available credit facilities as of December 31, 2002 of $ 3,650,000 (2001 – $5,700,000)

9. Commitments

Office lease

During 2002 the Company entered into a sub-lease agreement for new office premises expiring in May 2006. Annual lease payments for these office premises including estimated operating costs are as follows:

2003	$ 209,593
2004	$ 248,293
2005	$ 261,193
2006	$ 108,830

Operating lease

Additionally, in return for third party construction of additional gas gathering and processing facilities, the Company has committed to a minimum annual processing and gathering fee of $188,700, until payout of these facilities is reached in May 2005.

Five-Year Review

For the years ended December 31

($thousands except where noted)	2002	2001	2000	1999	1998
FINANCIAL STATISTICS					
Production revenue	**9,891**	6,053	4,075	1,925	1,411
Royalties	**(1,953)**	(1,256)	(771)	(488)	(379)
ARTC	**14**	20	26	31	–
Production expenses	**(2,403)**	(1,675)	(1,041)	(438)	(414)
Operating netback	**5,549**	3,142	2,289	1,030	618
General and administrative	**(821)**	(417)	(291)	(362)	(230)
Interest and taxes	**(309)**	(202)	(72)	(82)	(56)
Other expense	**(59)**	–	–	–	–
Other income	**53**	145	25	7	98
Cash flow from operation	**4,413**	2,668	1,951	593	430
Depletion, Depreciation & Restoration	**(2,483)**	(1,577)	(773)	(318)	(299)
Future income taxes	**(742)**	(397)	(539)	–	–
Extraordinary gain	**122**	–	–	–	–
Net income	**1,310**	694	639	275	131
Operating cash flow *(basic $/share)*	**$0.10**	$0.06	$0.05	$0.02	$0.02
Net income per share *(basic $/share)*	**$0.03**	$0.02	$0.02	$0.01	$0.00
Capital expenditures	**2,874**	7,608	3,248	2,250	2,620
Total book assets	**15,503**	14,582	8,491	6,046	4,370
Working capital deficiency	**347**	528	776	658	102
Bank debt	**3,650**	5,700	675	225	2,299
Shareholders' equity	**8,667**	6,875	6,018	4,067	2,326
Depletion, depreciation, future site *($/boe)*	**$ 8.12**	$ 6.84	$ 4.91	$ 3.64	$ 3.20
Return on average equity	**16.3%**	10.2%	20.9%	8.7%	7.2%
Common shares *(thousands)*					
Basic weighted average outstanding	**43,784**	41,666	38,852	29,604	24,553
Basic shares outstanding (year-end)	**44,766**	42,186	41,366	38,566	26,202
Diluted weighted average outstanding	**44,942**	42,063	39,015	31,182	26,294

($thousands, except where noted)	**2002**	2001	2000	1999	1998
MARKET INFORMATION					
High *($/share)*	**$ 0.89**	$ 0.39	$ 0.34	$ 0.25	$ 0.34
Low *($/share)*	**$ 0.17**	$ 0.12	$ 0.13	$ 0.05	$ 0.05
Close *($/share)*	**$ 0.75**	$ 0.23	$ 0.16	$ 0.21	$ 0.06
Shares traded *(thousands)*	**6,901**	3,981	4,220	2,542	939
OPERATING STATISTICS					
Average sales prices					
Natural gas *($/mcf)*	**$ 3.64**	$ 4.49	$ 4.08	$ 2.59	$ 1.69
Oil/NGL *($bbl)*	**$ 34.31**	$ 26.85	$ 26.85	$ 23.02	$ 15.74
Netbacks					
Operating netback *($/boe)*	**$ 18.33**	$ 14.27	$ 14.71	$ 11.80	$ 7.16
Operating cash flow *($/boe)*	**$ 14.44**	$ 11.58	$ 12.54	$ 6.81	$ 5.07
Daily Production					
Natural gas *(mcf/d)*	**639**	496	270	156	18
Light oil/NGL *(bbls/d)*	**510**	323	154	78	95
Heavy oil *(bbls/d)*	**210**	226	227	135	149
Average daily boe's @ 6:1	**837**	632	426	239	246
Annual Production					
Natural gas *(mcf)*	**233,451**	181,195	98,726	56,867	6,391
Light oil and liquids *(bbls)*	**190,003**	117,683	56,041	28,607	34,474
Heavy oil *(bbls/d)*	**76,703**	82,658	83,022	49,173	54,505
Boe's @ 6:1	**305,614**	230,541	155,517	87,258	90,044
Employees	**9**	5	4	4	5

Quarterly information

($ thousands, except per share amounts)	2001 Q1	2001 Q2	2001 Q3	2001 Q4	2002 Q1	2002 Q2	2002 Q3	2002 Q4
FINANCIAL *(unaudited)*								
Petroleum and natural gas sales	1,234	1,332	2,046	1,442	**2,049**	**2,340**	**2,782**	**2,721**
Royalties	(262)	(295)	(379)	(301)	**(396)**	**(466)**	**(467)**	**(610)**
Other income	70	53	4	18	**1**	**25**	**10**	**16**
Net revenues	1,042	1,090	1,671	1,159	**1,654**	**1,899**	**2,325**	**2,127**
Operating expense	(315)	(335)	(487)	(538)	**(555)**	**(533)**	**(699)**	**(617)**
Field netback	727	755	1,184	621	**1,099**	**1,366**	**1,626**	**1,510**
General and administrative	(97)	(181)	(96)	(44)	**(127)**	**(200)**	**(278)**	**(216)**
Interest expense	(21)	(43)	(69)	(68)	**(72)**	**(98)**	**(70)**	**(59)**
Other expense	–	–	–	–	**(29)**	**(31)**	**–**	**–**
Capital tax	–	–	–	–	**–**	**–**	**–**	**(9)**
Cash flow	609	531	1,019	509	**871**	**1,037**	**1,278**	**1,226**
Depreciation, depletion	(265)	(326)	(489)	(497)	**(517)**	**(560)**	**(685)**	**(720)**
Future income taxes	(229)	(45)	(103)	(20)	**(70)**	**(127)**	**(183)**	**(361)**
Extra ordinary item	–	–	–	–	**–**	**–**	**–**	**122**
Net income	115	160	427	(8)	**284**	**348**	**410**	**267**
CFPS – basic	0.015	0.013	0.025	0.011	**0.020**	**0.024**	**0.029**	**0.028**
EPS – basic	0.003	0.004	0.010	0.000	**0.007**	**0.008**	**0.009**	**0.007**
PRODUCTION								
Oil and NGL's *(bbls/d)*	192	247	436	411	**520**	**509**	**499**	**550**
Heavy oil *(bbls/d)*	272	262	195	176	**149**	**164**	**280**	**245**
Total oil and NGL's	464	509	631	587	**669**	**673**	**779**	**795**
Natural gas *(mcf/d)*	294	357	546	783	**842**	**791**	**502**	**429**
Boe's/d @ 6:1	513	569	722	719	**809**	**805**	**863**	**866**

Corporate Information

BOARD OF DIRECTORS

ROBERT H. ELDRIDGE (1) (2)
Chairman, Crispin Energy Inc.
CFO, Northumbria Industries Ltd.
Toronto, Ontario

WILLIAM V. BRADLEY, P. ENG.
Executive Vice-President,
Crispin Energy Inc.
Calgary, Alberta

JOHN S. BURNS, Q.C. (1) (3)
Senior Partner, Bennett Jones LLP
Calgary, Alberta

MURRAY R. NUNNS, P. GEOL. (3)
President & Chief Executive Officer,
Crispin Energy Inc.
Calgary, Alberta

GLEN A. PHILLIPS, P. GEOL. (2) (3)
President, Eiger Energy Ltd.
Calgary, Alberta

(1) Audit committee
(2) Compensation committee
(3) Reserve committee

OFFICERS AND KEY PERSONNEL

MURRAY R. NUNNS, P. GEOL.
President & Chief Executive Officer

WILLIAM V. BRADLEY, P. ENG.
Executive Vice-President

GORDON H. CROOKS, P. GEOL.
Vice-President – Exploration

DARRIN G. FOSTER, P. ENG
Vice-President – Operations Production

MURRAY D. GRAHAM, CGA
Vice-President, Chief Financial Officer
& Corporate Secretary

PATRICK D. MANUEL
Vice-President – Engineering
& Business Development

STOCK EXCHANGE

TSX VENTURE EXCHANGE
SYMBOL: "CEY"

TRANSFER AGENT

VALIANT TRUST COMPANY
510, 550 - 6th Ave. SW
Calgary, Alberta T2P 0S2

AUDITORS

KPMG LLP
Chartered Accountants
1200, 205 – 5th Ave. S.W.
Calgary, Alberta T2P 4B9

SOLICITORS

BENNETT JONES LLP
4500, 855 – 2nd St. S.W.
Calgary, Alberta T2P 4K7

BANKERS

NATIONAL BANK OF CANADA
600, 407 – 8th Ave. S.W.
Calgary, Alberta T2P 1E5

EVALUATION ENGINEERS

GILBERT LAUSTEN JUNG ASSOCIATES LTD.
4100, 400 – 3rd Ave. S.W.
Calgary, Alberta T2P 4H2

ABBREVIATIONS

bbls	Barrels
boe	Barrels of oil equivalent
boe/d	Barrels of oil per day
mcf	Thousands of cubic feet
mcfd	Thousands of cubic feet per day
ngl's	Natural gas liquids
°API	Oil gravity in units of the American Petroleum Institute
ARTC	Alberta Royalty Tax Credit

Forward-Looking Statements

Statements throughout this annual report that are not historical facts may be considered "forward looking statements". These forward looking statements sometimes include words to the effect that management believes or expects a stated condition or result. All estimates and statements that describe the Corporation's objectives, goals or future plans are forward looking statements. Since forward looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to any number of factors, including such variables as new information regarding recoverable reserves, changes in demand and commodity prices for oil and gas, legislative, environmental and other regulatory or political changes, competition in areas were the corporation operates and other factors discussed in this annual report.

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